UNDP

UNITED NATIONS DEVELOPMENT PROGRAMME

Distributed on request
DP/PROJECTS/7337

ENGLISH

APPROVAL OF UNDP ASSISTANCE TO AN INTERREGIONAL PROJECT

(INT/92/026) - Strengthening of the Debt Management Capacities of the developing Countries

INDIANA UNIVERSITY
DEPT. ...NS

Date of approval by the AC:[1/]	5 August 1992
Expected duration:	Four years and three months
Proposed executing agency:	UNCTAD in association with the World Bank
Proposed UNDP contribution:	$5 900 000
Source of funds:	IPF

Project background

A major contributor to the problems associated with developing country external indebtedness and the prevailing "crisis management" approach which has often characterized the relationship between lenders and borrowers has been the absence of sound debt management systems at the individual country level. Borrowers often posses only the most rudimentary knowledge of their external liability position. The situation has been aggravated by the fact that most privately-incurred external debt usually ends up requiring a government guarantee or outright assumption by the government of the debt service. Although the establishment of improved systems did receive some attention from the international agencies including UNDP throughout the 1980s, most of the efforts in this area were scattered, piecemeal and uncoordinated.

In the fact of this situation, UNDP commissioned an independent review of debt management programmes and practices in 1989. The report of the team, issued in February 1990, proposed, among other things, that UNDP take the lead in this area while working in close collaboration with all the major players, notably UNCTAD, the World Bank, the Commonwealth Secretariat, IDRC and the Regional Development Banks.

As a result of the team's report, an inter-agency consultation on debt management programmes and practices was convened by UNDP in October 1990 with substantial participation by debt managers from developing countries. This consultation resulted in, among other things, a decision by UNCTAD and the World Bank to completely integrate all of their technical assistance activities with

---

[1/] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

/...

a view to strengthening the institutional and policy capacity of developing countries for more effective management of their external liabilities. The two agencies have agreed to jointly develop a new generation of computerized debt management systems designed to cover all aspects of external liability management and, increasingly, domestic liability management.

The principal beneficiaries of this new approach will be those developing countries which, heretofore, have been the subject of competing and often contradictory interventions by the two institutions.

Description of project

The project will seek to enhance the capacities of a select group of developing countries to better manage their external indebtedness. This will be done through the creation of a pool of expertise capable of carrying out detailed needs assessments of debt management requirements (institutional, administrative and legal), assisting countries to install and maintain state-of-the-art computerized debt management systems and providing extensive training to developing country nationals in most aspects of external liability management. Through the establishment of "users groups" and similar mechanisms the project will also facilitate contacts between developing country debt managers in the spirit of technical cooperation among developing countries.

Inputs

UNDP will provide 150 work-months of financial systems analysts/programmers; 200 work-months of financial economists; 60 work-months by way of administrative support; short-term fellowships covering participation in group training events; and miscellaneous costs.

Financial data

	$
Personnel	4 300 000
Subcontract	-
Training	1 300 000
Equipment	100 000
Miscellaneous	200 000
Total	5 900 000

- - - - -